



Review of 'Strong Governments, Precarious Workers: Labor Market Policy in the Era of Liberalization' by Philip Rathgeb

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BOOK REVIEW



Strong Governments, Precarious Workers: Labor Market Policy in the Era of Liberalization. By Philip Rathgeb. Ithaca, NY: ILR Press/Cornell University Press, 2018. 234 pp. ISBN 9781501730580, \$55 (hardcover).

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After two decades of bringing employers back in to comparative political economy, trade unions have all but disappeared from analysis of social policy development. Often a simple reference to declining trade union density seems enough to categorize them as irrelevant. In contrast to this general trend, *Strong Governments, Precarious Workers* argues that trade unions can still influence policy. Their influence, however, runs through more complex processes than is suggested by power resource theory, in which trade union density automatically acts as a power resource that promotes the interests of workers. Philip Rathgeb aims to make sense of that complexity by advancing an innovative and intriguing argument. Placing itself between producer group theory and partisanship theory, the book argues that trade union influence is dependent not only on trade union strength but also on the parliamentary situation.

The basic assumption is that decades of neoliberalism have made employer-friendly policy the default option for governments on both left and right. Strong governments, meaning governments with a coherent ideology and a solid parliamentary majority backing that ideology, will therefore typically ignore trade unions. This approach limits trade unions' capacity to influence reforms in a direction that will not increase inequality or dualization. In that sense, strong governments tend to create precarious workers as the title indicates. By contrast, weak governments, who suffer either from internal ideological divisions or from lack of the parliamentary majority to have reforms adopted, often need extra-parliamentary legitimation to promote their reforms. In those situations, trade unions may gain influence on policy. In that sense, the argument suggests that although neoliberalism is the default option, trade unions can still gain influence and promote the interests of precarious workers.

To illustrate this argument, the book analyzes labor market reforms in Sweden, Denmark, and Austria. Selection of these three countries is based on the surprising observation that the supposedly strong and egalitarian Nordic trade unions have fared worse than their Austrian counterparts in preventing dualization. For instance, Organisation for Economic Co-operation and Development (OECD) data on employment protection strictness are used to show that while Austria has experienced equalization between permanently and temporarily employed, Sweden and Denmark have experienced a strong decline in the protection of the temporarily employed. Similar patterns are found on other labor market policy issues that shape the divide between insiders and outsiders. For instance, the strong, active part of Swedish and Danish labor market policy has been retrenched. How did Austrian unions manage to dampen dualization in the context of a Bismarckian welfare state, whereas the Nordic trade unions failed to do so in the context of a universalistic welfare state?

To answer this question, the book presents three detailed process-traced case studies of labor market reforms in the three countries. Each case study is framed by its own research question and delivers a thorough analysis of policy developments since the 1980s. In that way, the chapters have their own puzzles and draw on slightly dissimilar data, but they nonetheless feed into the common argument of the book. I found the developments surprisingly consistent with Rathgeb's argument about the implications of government strength on trade union influence. Strong Social Democratic governments in Denmark and Sweden have introduced reforms that increase dualization, whereas weaker conservative governments have involved trade unions to obtain legitimacy for their reforms. For instance, Swedish social democrats

have liberalized the use of fixed-term contracts, and Swedish and Danish social democrats have contributed to the hollowing out of the unemployment insurance systems.

These three case studies are supplemented with two shadow cases for illustrating differences in trade union orientation. The main argument of the book is that trade union influence is dependent on government strength, and a second issue is which kind of policies trade unions will pursue given that they gain influence. The book argues that the broad membership base of Swedish, Danish, and Austrian unions orient them toward inclusive reforms that aim to prevent insider-outsider dualization. Drawing on secondary literature, the last chapter of the book presents data from Italy and Spain to suggest that less inclusive trade unions may use their influence to primarily protect insiders.

Although the book is well researched, well written, and thought provoking, it is not beyond criticism. Given that it covers policy developments in three countries over three-and-a-half decades, clearly many empirical issues could have been discussed. My two main criticisms, however, focus on the basic building blocks of the theoretical argument. First, it is a bit unclear what makes a government strong or weak since both ideological coherence and parliamentary votes are taken into account. Take the post-crisis situation in Denmark. The Social Democratic, Socialist, and Social Liberal government is viewed as strong enough to ignore trade unions despite internal divisions on labor market reforms. The subsequent Liberal government is seen as weak, despite having a right-winged parliamentary majority behind it. It seems that in this case the number of votes a government controls determines government strength. Contrast this to the Austrian situation in which ideologically divided majority grand coalition governments are seen as too weak to bypass trade unions. Here it seems that ideological coherence determines government strength, not votes.

Second, although the analysis does show that left governments promote reforms that decrease worker protection or increase dualization, it is unclear why that is. Why has neoliberal reform become the default option, if that is indeed the case? Rather than pointing to a general neoliberal trend, scholars such as Stephanie Mudge (*Leftism Reinvented: Western Parties from Socialism to Neoliberalism*, 2018) have pointed to the changing composition of the experts and leaders developing social democratic economic policy. Whereas these were previously economists recruited from trade union organizations, thus securing a strong focus on worker friendliness of policy, they have increasingly become academically trained economists orientated toward the state bureaucracy. In other words, the link between trade unions and left parties might matter. While the specific cause of left parties' shift is not the focus of Rathgeb's book, the issue does become relevant in his analysis. His book shows that the institutionalized position of Austrian trade unions within the Social Democratic Party of Austria (SPÖ) is an important mechanism for hampering the social democratic willingness to promote dualizing reforms (see pages 69 and 73). Where traditional power resource theory simply assumed a close relation between trade unions and social democracy, Rathgeb also emphasizes how this link has clearly diminished in the Nordic countries. This shift may be an important reason for the Social Democratic governments' less worker-friendly reforms. Although the book focuses on trade union influence on specific reforms, I would suggest that the assumption about the default employer-friendliness of governments might be fruitfully replaced with a research question concerning the capacity of trade unions to influence the underlying ideological orientation of (especially) center-left governments.

Both of these issues, however, basically underline the relevance of studying the relationship between trade unions and parliamentary politics. In this vein, *Strong Governments, Precarious Workers* delivers a clear and intriguing argument that should stimulate debate and research in the years to come.

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